

**REMARKS**

Claims 1-16 are now pending in the present application.

Applicants affirm the election of group I (i.e., claims 1-7).

Claim 12-16 are newly presented and are believed supported by the application as filed. For example, pharmaceuticals are discussed in paragraph [0005] of the originally filed application. Handheld devices (e.g., recited in dependent claim 16) are discussed, e.g., in paragraphs 29-30.

Claims 1 and 5 have been amended to direct their scope to alternative aspects of the invention. For example, these claims now discuss an expected retail destination for the merchandise. Claim 1 has also been broadened to now recite “counterfeited or diverted” merchandise.

The cited passages of U.S. Patent No. 6,750,985 are not understood to teach or suggest the combinations recited in claims 1 and 5.

New independent claim 12 is also believed to recite a combination that is patentable over the cited passages of the 6,750,985 patent. For example, claim 12 recites a method to identify pharmaceuticals including: inspecting image data corresponding to a pharmaceutical for steganographic indicia, the steganographic indicia comprising a plural-bit identifier; and determining whether the pharmaceutical is authentic through reference to the steganographic indicia.

Favorable consideration is respectfully requested.

**Information Disclosure Statement**

Applicants intend to file an Information Disclosure Statement (IDS). The Examiner is invited to contact the undersigned if the IDS is not matched with the file by the time the Examiner picks up this Amendment for consideration.

**Conclusion**

The application is believed to be in condition for allowance. An early notice of allowance is respectfully requested. Nevertheless, the Examiner is invited to telephone the undersigned at 503-469-4685 if any issue remains.

Date: January 10, 2005

Respectfully submitted,

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By

A handwritten signature in black ink, appearing to read "St Stewart", written over a horizontal line.

Steven W. Stewart

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